INITIAL STATEMENT OF REASONS

BUSINESS PARTNER AUTOMATION (BPA) PROGRAM

TITLE 13, ARTICLE 3.6.

Sections 225.03, 225.09, 225.12, 225.18, 225.21, 225.35,
225.42, 225.45, 225.48, 225.54, and 225.72

Vehicle Code section 1685 authorizes the department to contract with private industry partners to electronically process and update to the department's vehicle registration database vehicle registration and titling transactions. Regulations have been in place since 2002. The department in an effort to improve customer service will authorize business partners to process additional types of registration and titling transactions. These transactions would be identified in the regulations. A renewal process to expedite the application and contract process will also be added.

The department proposes to amend Sections 225.03, 225.09, 225.12, 225.18, 225.21, 225.42, 225.45, 225.48, 225.51, 225.54, and 225.72 and adopt Section 225.35, to implement and make specific the requirements for business partners to participate in the BPA Program.

§225.03.   Application Requirements.

Section 1685(a)(2)(A) of the Vehicle Code requires an application form. Subdivision (a) of section 225.03 identifies the application for each type of business partner identified in subdivisions (b)(1) through (3) of Vehicle Code section 1685.

Subdivision (a)(1) requires a first-line business partner to complete and sign a Business Partner Automation Application, First-Line Business Partner form, REG 4024 (REV. 4/2005). The application form contains two changes.

Section VI requires an applicant to indicate a numeric number and type of expected transactions that will be processed yearly. This is necessary to determine the amount of inventory and appropriate support documents a business partner may need on-site. As a business partner is restricted to a three-month supply of inventory, the type and volume of transactions informs a business partner and the department of the expected inventory items and their volumes that will be needed for the site operations. The mail station for the return of the application has also been amended on the form.

Subdivision (a)(2) requires a first-line service provider to complete and sign a Business Partner Automation Application, First-line Service Provider form, REG 4023 (REV. 4/2005). The application form contains the same two changes as the First-Line Business Partner form. Section VII is the same as Section VI on the first-line business partner application form and the changes are required for the same reasons.

Subdivision (a)(3) requires a second-line business partner to complete and sign a Business Partner Automation Application, Second-line Business Partner, REG 4025 (REV. 4/2005). The application form for a second-line business partner has been revised and contains the same two changes as the First-Line Business Partner form. Section VI is the same as Section VI on the first-line business partner application form and the changes are required for the same reasons.

Subdivision (b) provides an address to send the application fee that includes a mail station. This subdivision is amended to update the mail station. This is necessary to ensure the application and fee, when submitted to the department, are handled swiftly and efficiently.

Subdivision (d)(1)(B) requires a business partner owner and employee located at an out-of-state site to send a completed fingerprint form. Due to the tremendous increase in workload and wait time to receive information back from the FBI; the department has decided to rely on the DOJ fingerprint check only. This process is the most efficient and still ensures that the person finger-printed meets the criteria for a BPA employee and thus reduces the possibility of fraud.

Subdivision (h) would be amended and renumbered as subdivision (i) to allow a more logical progression of the topics in the section. A new requirement is proposed to add a requirement that evidence of the Occupation License form, (OL39, No Revision Date) would be required for those business partners who are also a registration service or vehicle dealer. The OL39 form is incorporated by reference. This requirement is necessary to verify the applicant qualifies for the exemption from the fingerprint requirement in Section 225.06(e).

Occupation License form, (OL39, No Revision Date)

The form has a control number specific for each occupational license issued. The occupational license number, date issued, expiration date, name of the occupational licensee and the licensee's address are automatically entered when the license is approved and authorized in the occupational license database. The licensee is required to sign the form before it is valid.

Subdivision (i) would be amended and renumbered as subdivision (j) to allow a more logical progression of the topics in the section.

§225.09.   Financial Security Requirements.

Subdivision (a) requires a business partner to procure and file an acceptable method of financial security with the department. The subdivision is proposed to be amended for consistency with the language used in the department's other surety bond regulation sections. Due to the expansion of the types of registration and titling transactions a business partner may process, the bond form has been revised to reflect the various options available to the different business partners.

Subdivision (a)(1) would be repealed as the language would be included in Section 225.09(a) of these regulations. This subdivision would instead include the term length previously required and would be repealed in Section 225.09(a).

Subdivision (a)(1)(A) would be repealed as the language would be incorporated into the standard surety bond regulatory language amended into Section 225.09(a).

Subdivision (a)(2) would be repealed as the department has determined that the irrevocable letter of credit issued from a bank doing business in the State of California, and insured by the Federal Deposit Insurance Corporation with the State of California, with the Department of Motor Vehicles as the beneficiary would not provide the same level of financial security as a surety bond and business partners have indicated that it is difficult to obtain an irrevocable letter of credit.

The Business Partner Automation Surety Bond form, REG866 (Rev. 4/2005) which is incorporated by reference in the regulations, has been reformatted to comply with the department's surety bond standardization surety bond form requirements and to accommodate the new registration and titling transactions. The form follows the template for surety bonds in Title 11, of the California Code of Regulations and the department's standard language and format has been approved by the Attorney General. The BPA surety bond has been submitted to the Attorney General's office and the approval letter will be included in the final rulemaking package.

On Page 1, the bond effective date would be added to the form. This is necessary to verify continuous coverage when a business partner changes surety companies. The boxes allow the business partner (principal) to indicate the type of registration and titling transactions and the type of business partner the bond would be obligated to cover. Below the boxes are the express terms identified in Title 11 or required in the California Code of Civil Procedure. Page 2 would repeal the business partner's (principal's) signature as the signature is not required on the bond in Title 11 or by the California Code of Civil Procedure governing surety bonds nor is the official seal required.

Subdivision (a)(2) informs the business partners that another option to provide financial security is available. A review of options has lead the department to reconsider the cash deposit option and allow this method as an alternative to surety bonds as allowed in the California Code of Civil Procedure.

Subdivision (b) lists the amounts of financial security required for each type of business partner. References to the irrevocable letter of credit are proposed to be repealed in subdivision (a)(1) and (2). Subdivision (b)(3) would identify the amount of financial security required from second-line business partners based on the types of transaction the business partner expects to process. A business partner processing new vehicle reports of sale transactions would continue to post a $50,000 bond and business partners processing vehicle transfers, vehicle license fee (VLF) refunds, salvage, junk, non-repairable vehicle transactions and any combination of the transactions would also be required to post a $50,000 bond. Business partners that would choose to only process registration renewal transactions would be required to provide $10,000 bond, instead of the current $16,000 bond. These amounts were determined to adequately cover potential loss to the department for the transactions.

The reference to the irrevocable letter of credit would be repealed from subdivision (c).

Subdivision (d) would be renumbered as subdivision (e) to allow a more logical progression of the topics in the section. A new requirement is proposed in subdivision (d) that would allow a rider when the only change to the bond is to add additional types of registration and titling transactions. This informs the business partners of another option besides securing a new surety bond when adding additional processing transactions.

Subdivision (e) is proposed to be amended and renumbered as subdivision (f) to allow a more logical progression of the topics in the section.

References to the irrevocable letter of credit would be repealed from subdivision (f).

Subdivision (e)(3), renumbered as (f)(3) would be amended to incorporate the language as used in subdivision (e) (now (f)) for consistency.

Subdivision (g) is proposed to be added to inform business partners of the time frame and conditions that apply to the return of a cash deposit.

§225.12. Business Partner Contract.

Currently, subdivision (b) informs a business partner applicant that a BPA contract is valid for 36 months and cannot be renewed. A new application and contract will be required with each permit term. However, the department in an effort to improve and provide better customer service, has decided to implement a renewal process. Thus, the parts of subdivision (b) that refer to the application process have been repealed and new language added to clarify how the BPA renewal process would work and the time frames to submit renewal documents. This is necessary to inform the business partners of the new renewal process as it relates to the contract and the time frames to submit documentation. A new contract will be required for each permit term.

§225.18. Cause for Refusal to Enter into a Contract and Issue a Permit.

The reference in subdivision (c) to the FBI message is proposed for repeal because the FBI check on fingerprints would no longer be a requirement in Section 225.03(d)(1)(B).

Subdivision (d)(10) would be amended to make two minor corrections in punctuation.

§225.21. Review of Criminal History Information.

Subdivision (a) would be amended to make two minor corrections in punctuation.

§225.35. Renewal.

Section 225.35 is proposed be added to inform the business partners that a renewal process would be implemented and with renewal requirements.

Subdivision (a) is proposed to be added to identify when the renewal application is due and to whom it is send at the department. This is necessary to inform the business partners of the criteria to qualify an application as a renewal application.

Subdivision (a)(1) is proposed to be added to require all business partners to complete and sign a Business Partner Automation Program Renewal Application form, REG 5056 (NEW 2/2005), which is incorporated by reference. Its form name, number and revision date identify the form. This is necessary so that a business partner would be able to complete and sign the appropriate application for renewal.

Business Partner Automation Program Renewal Application form, REG 5056 (NEW 2/2005)

The upper right hand corner has two boxes, one to identify the site ID number and another box below to identify the occupational licensing (OL) number. The "OL" number is optional as many business partners are not in the occupational licensing program. These numbers provide an efficient method of identifying the business partner to the department's database of business partners.

Section I has three boxes to identify each of the three types of business partners. The first line in Section I requires the identification of the "Doing Business As" (DBA) name of the business partner. This is required to inform the department of the identity of the business applying for renewal to the BPA program with the department. This is necessary to clarify the name of the actual business that is signing the contract and agreeing to the department's conditions. Partnerships,

companies, and corporations will have subsidiaries with separate names that are separate entities even though the same partnership, company, or corporation owns them. The street address, city, state and zip code of the applicant are necessary to locate the business for audit purposes and to verify the legitimacy of the renewal applicant as a current business partner. The internet/email address is requested, if applicable. A review of the website is included in an audit review to verify that the department's advertising guidelines as addressed in the contract have been met. The email address allows the department a quick, economical, and efficient method of communication with the applicant or business partner. The days and hours of operation are required for audit purposes.

Section II would require the business partner to indicate yes or no that there are no changes to the security documents or floor plan that has been previously submitted. If yes, amended documents are required. This is necessary to determine that the business partner has met the department's security requirements as stated in the contract and these regulations.

Section III would require the business partner's to identify the business's federal tax identification number and identify the type of ownership by checking the box that states: sole owner, partnership, association, corporation or limited liability company (LLC). This is necessary to verify that the business remains the same and has not changed since the initial application.

Section IV would require the name of the business, if different from the name provided in Section I. This information is necessary to find and identify the owner of the business partner should that become necessary.

Section V would provide the contact person's name, street address, telephone number and office fax number, if available, for the authorized designee of the business partner. The name, business address, telephone, and FAX numbers are required to locate and identify the contact person.

Section VI would be required when the site location is out-of-state. An agent, located in California, is required to handle service of process for a business partner that is located out-of-state. This informs the business partners about non-resident obligations and responsibilities in California.

Section VII would require a renewal applicant to indicate an expected numeric number and type of registration or titling transactions that will be processed annually. This is necessary to determine the amount and type of inventory a business partner may need on-site. As a business partner is restricted to a three-month supply of inventory, the type and volume of transactions informs a business partner and the department of the expected inventory items and their volumes that will be needed for the site operations.

Section VIII would require the names of employees who will process the vehicle registration and titling transactions. This is required to maintain a background check database and match the Statement of Personal History form with the correct business partner or business partner applicant. This is necessary to process the background checks pursuant to Section 1685(b)(2)(B) of the Vehicle Code.

Section IX is required only when a business partner processes new vehicle reports of sale forms and the business partner is not a licensed California dealer. Because the new vehicle reports of sale forms are original registration transactions, and must be completed and signed by a licensed California dealer, the appropriate dealer information is required. The dealer number, name, telephone number and street

address information is required to verify the integrity of the documents being added to the department's vehicle registration database, and to hold the dealer accountable for the integrity of the documents. Section X on the form lists the physical location where inventory is stored and maintained. This information is necessary for audit purposes.

Section XI is the standard departmental certification. It requires the city, county, and state where the certification is signed, along with the date. The written signature, the printed name and job title of the authorized agent of a business partner, along with the name and the work telephone where the authorized agent can be reached are required. This information is required and necessary to authenticate the certification and identify the person signing for a business partner applicant should the application be questioned. The certification is signed under the penalty of perjury under the laws of the State of California that the information given is true and correct. The signer is therefore acknowledging the consequences of making false statements and understands the importance of furnishing correct information. The signature of the person signing the application and the date that it is signed is necessary to establish a legal basis for holding the applicant accountable for the information provided.

Subdivision (a)(2) is proposed to be added to require a completed and signed Information Security and Disclosure Statement (Firm) form, EXEC 201X (REV. 3/2003). This form is required with the initial application and is used to verify that the business partner is in compliance with the department's security requirements.

Subdivision (a)(3) is proposed to be added to require a copy of the business partner's Occupational License form, (OL 39). The form is only required when the business partner is an occupation licensee.

Subdivision (a)(4) is proposed to be added to require a non-refundable renewal application fee of one hundred and ninety eight dollars. This fee is required to pay for the processing of the renewal application. A costing is enclosed in the Appendix.

Subdivision (b) is proposed to be added to allow a renewal application to be received within thirty days after the end of the BPA term identified as the expiration date on the BPA permit form, REG 4027 (REV. 6/2002). This is necessary to inform business partners of the time frame for the renewal process and what options a business partner would have if the business partner does not meet the time frame. The business partner is reminded that registration and titling transactions cannot be processed after the expiration of the contract that coincides with the expiration date on the BPA permit. This is necessary to inform business partners of the consequences of not completing the renewal application.

§225.42.   Business Partner Changes.

Subdivision (a) would be amended to update the mail station for the BPA Program Administrator. This is necessary to ensure the BPA Program Application for Change form, when submitted to the department, is handled swiftly and efficiently.

§225.45.   Customer Fees.

Subdivision (a) requires a business partner to complete a Business Partner Automation Disclaimer form, REG4020 (Rev. 11/2002) for each transaction when a transaction fee is

charged, except as provided in the regulations. Another exemption is proposed to be added to this section to exempt salvage pools that do not process transactions from private individuals. Business partners, who perform the services of salvage pools as defined in Vehicle Code section 543, instead process transactions from insurance companies, authorized claims adjusters, leasing companies, self-insured persons and financial institutions. Transactions are not stand alone, but are part of a bundle of work the business partner processes for a straight flat fee for the bundle of work. This is necessary to inform business partners of the types of business partner transactions exempt from providing the form.

Subdivision (b) would be amended to provide a maximum amount a business partner can charge for each type of registration and titling transaction. As the time and handling of each type of transaction may be different, the transactions were separated and each type identified and the maximum fee allowed. This is necessary to fulfill the requirement of Vehicle Code section 1685(c).

Subdivision (b)(1) would identify the registered owner transactions, subdivision (b)(2) would identify the salvage transactions, subdivision (b)(3) would identify the junk transactions and subdivision (b)(4) would identify the non-repairable transactions; all of these transactions involve title transfers and thus require a higher level of knowledge to process the transaction.

Subdivision (b)(5) would identify the renewal transactions and subdivision (b)(6) would identify new vehicle report of sale transaction; both of these transactions do not require the review or change of the registered or legal owner. The renewal transaction would only require the registered owner of record to match what the document printed for the customer. With a new vehicle report of sale, the business partner would only verify that the database record does not have a record for the new vehicle report of sale, that is an original titling document. Subdivision (b)(7) identifies vehicle license fee refund transactions. The department would not charge to process a customer refund and therefore would not allow business partners to charge customers to receive his/her own money back in the form of a refund.

Subdivision (c) would be repealed. The information has been replaced by subdivision (b)(5).

§225.48. Transaction Fee.

Subdivision (a) would require a first-line business partner and a first-line service provider to pay a transaction fee to the department in the amount of three dollars for each new vehicle report of sale, vehicle renewal, transfer, salvage, and non-repairable vehicle transaction. The fee is mandated by Vehicle Code section 1685(d).

Subdivision (b) would be amended to update the mail station. This is necessary to ensure the application and fee, when submitted to the department, are handled swiftly and efficiently.

§225.51. Information Security Requirements.

Subdivision (a) would be amended to identify a new interface method for the processing of transactions. The existing process would remain and business partners who use the existing method must comply with the department's *IT Security Guidelines for Use in BPA Program* (October 2002). A second method for the

processing of transactions would comply with the department's Internet information security handbook. That document is the *California DMV Security Requirements for the Internet-Business Partners,* (Revised November 2004). This document is incorporated by reference in the regulations.

California DMV Security Requirements for the Internet-Business Partners, (Revised November 2004)

Businesses and individuals accessing the department by way of the Internet are required to follow standard security requirements. The businesses and individuals would include private partnerships with the Department of Motor Vehicles, such as, Information Services Branch information requesters, vendors and BPA program business partners. The document requires written explanations as to the actual procedures and policies for each component of the security requirements. All the parts must be considered in determining the eligibility of a new business partner, assessing the security and risk of a continuing business partner and providing a baseline documentation to allow for the auditing of the business partner operations.

The Approval Process (Step 1)

The business partner is required to comply with the department's request for documentation of proposed system, software, procedure or policy. A Network Topology Diagram and Narrative as defined on page 16 in the document is required. All changes to systems and networks shared with the department require prior written approved from the department. All employees or external (business partner) individuals or entities are required to sign a Security Statement form (INF1128), which is incorporated by reference and discussed on page 11. This is necessary to ensure the safety and security of the department's database and electronic interface from disruption.

Security Management – Technical Component (Step 2 – 6)

The business partner would identify the requirements for its operating systems, hardware and software with regard to security related patches and upgrades, implement the removal or disabling of all non-DMV approved applications, components and services, reconstruct default accounts and passwords to adhere to the department's standards, check for vulnerability by scanning for mitigation actions prior to production, and set up detailed logs that may be periodically reviewed for appropriate use and to identify anomalous activity. Documentation is required to verify compliance with these requirements.

Intrusion Detection (Step 7 – 10)

The business partner would identify the documentation requirements for the monitoring, reporting, and responding to unauthorized attempts to access, modify or compromise the electronic system established between the business partner and the department. Written procedures to log, report and analyze real or suspected intrusions incidents, along with an incident response plan would be required. Written procedures to document how the business partner will perform daily automated or manual system checks to monitor unauthorized changes failed authentication or access attempts would be required.

Vulnerability Scanning (Step 11 – 13)

The business partner would identify the documentation requirements for the scanning of vulnerabilities and weaknesses using software tools and application techniques.

Network Monitoring (Step 14)

The business partner would identify its logging and monitoring requirements of security profiles in network components and traffic. Written documentation of risk factors and procedures for identifying problems and internal reporting of network intrusions would be required. The business partner would provide time frame to report network intrusions to the department.

Host Monitoring (Step 15)

The business partner would identify the documentation of procedures for compliance to host monitoring of server hardware and software. The procedures to monitoring and reporting of automated or manual process to notify the Information Security Official of unauthorized access would also be required.

Malicious Code Mitigation (Step 16 – 17)

The business partner would identify its procedures for compliance with the implementation, maintaining of code scanning software and the periodic scans to detect, neutralize and response to malicious code. Requires up-to-date anti-virus software and identifies timeframe to report incident of malicious code intrusion to the department.

Firewalls (Step 18 – 20)

The business partner would identify its compliance with preventative hardware and/or software that restricts network traffic on any server used to store, transmit or process the department's information. The documentation would also require an explanation as to how the business partner's provisions for filtering security mechanism and gateways related to firewall security department's firewall system requirements would be met.

Cashing (Step 21)

The business partner would identify any prohibited activity and would be required to document the method used to prohibit web page cashing in the business partner's electronic system.

Security Management - Process

Information Security Official/Team – Information Security Program (Step 22 – 25)

The business partner would identify for the department the designated Information Security Official/Team, any change of personnel in these positions, acknowledge the responsibility of the job function requirements, establish the policies and procedures and maintain the business partner's security program, establish and monitor training and awareness programs and safeguards. The Information Security Official would be required acknowledge the requirement to document and report activities performed in response to a security incident.

Audit

The business partner would be provided with the department's recommendation of annual system security audits conducted by an independent entity. This recommendation is suggested as a test to verify the department's security

requirements have been implemented and are maintained in the business partner's electronic processing system.

Audit Logs (Step 26 – 32)

The business partner would be provided with a list of automated and manual system records and logs that are to be maintained and provided to the department for auditing purposes.

Physical Security (Step 33 – 38)

The business partner would take measures to prevent physical access to the system and data. The business partner would be required to document the internal security controls for its system and data. The business partner would be required to identify and document for the department, the policies and procedures to ensure that the data, systems and workstations are physically protected from unauthorized access, theft and malicious activity. The business partner is required to acknowledge that an access log will be implemented for restricted facilities. The business partner is required to acknowledge that all systems and network equipment that stores or transports the department data is labeled. The business partner is required to document the disposal method for used media, systems and workstations containing the department's information to comply with the department's requirements.

Change Control (Step 39 – 42)

The business partner would be required to acknowledge that policies, processes and procedures to implement changes to systems and components are approved prior to implementation and installation, all changes are documented, appropriately tested and all unintended consequences are readily identified and resolved.

Acceptable Use Component

Privacy (Step 43 – 45)

The business partner would be required to acknowledge the policy that requires a Security Statement form, INF1128 annually from anyone who has incidental access to the department's information. Document the training plan and the materials distributed with the training. Document the privacy/confidentiality statement required on nay business partner website that would use or provide the department' services.

Acceptable Content (Step 46 – 48)

This requires the business partner to acknowledge the policy that prohibits web links to sits that are discriminatory, fraudulent, intimidating, defamatory, or otherwise unlawful or inappropriate for a governmental agency link. The business partner would also be required to acknowledge any website that uses or is advertising the department's services can not imply any endorsement or certification by the department and must include a standard statement on non-endorsement by the department.

Access Control Component

Authentication and Authorization (Step 49 – 55)

This requires the business partner to document the policy and procedure to restrict system resources, application functions and information to authorized individuals. This documentation would include authentication and credentialing process for all access points utilizing the Internet, encryption method of passwords or biometric

templates, procedures to change or disable authorization/authentication upon request by the department or customers, users or other entity associated with that information. The business partner would be required to acknowledge that the business partner would require more than one form of identification for connectivity to a network and that private personal information about the user or customers would not be transmitted to the system, that the department's information would be limited to individuals who have a legitimate need for the information and access would be restricted to perform only the duties essential to the operation and maintenance of the system.

User ID/Password Standards (Step 56 – 60)

This requires the business partner to acknowledge and identify the application software and version for the password authentication, the process used to assign user IDs, the method of establishing default passwords and approval by the department prior to implementation of any change to the business partner's authentication method. The business partner would be required to document for the department the user ID requirements and the policy and process used for revoking and re-setting the ID number. Documentation of the procedures for each password requirement and implementation of the credentialing system would be required.

Encryption Component

Encryption Requirements (Step 61 – 64)

This requires the business partner to meet the department's requirements when encoding data during transmission and storage. Documentation of method to determine if personal information as defined in Step 62 is present and if so, the encryption process to minimize risk. Requires documentation that the business partner's data encryption method meets the National Institute of Standards and Technology's Advanced Encryption Standard and does not contain proprietary algorithms.

Reportable Incidents

This part lists the four activities that must be reported to the DMV Information Protection Services Office. Each of these activities are discussed in a prior step, the step number that is identified with each reportable incident activity is included.

Information Security Statement, INF 1128 (REV. 3/2004)

In the first page of the two-page form, the business partner acknowledges the various security requirements by certifying at the bottom of the page. The form follows the department's standard certification format. It requires the city, county, and state where the certification is signed, along with the date. The written signature, the printed name of the signatory (business partner), along with the printed name of the authorized company representative that signed. This information is required and necessary to authenticate the certification and identify the person signing for a business partner should a security risk occur. The certification is signed under the penalty of perjury under the laws of the State of California that the person understands the importance of following the correct procedure identified in the form. The signature of the person signing the application and the date that it is signed is necessary to establish a legal basis for holding the business partner accountable. Page two provides for the annual re-certification requiring the printed name, signature and date signed.

§225.54. Transaction Procedures and Inventory Requirements.

This subdivision identifies the procedures and inventory document business partners use to process transactions and order and dispose of inventory. The "Business Partner Automation Program Transaction Procedures and Inventory Requirements Handbook" (April 13, 2005) has been revised to include the procedures for the additional transactions. The three new sections are: Registered Owner Transfers, Salvage Pool Transaction, Procedures and No Fee Moving Permits.

In Section A, the new vehicle report of sale transactions procedures would be revised to provide a more comprehensive explanation of commercial vehicles. Legislation (SB 1055, CH 719, Stats 2003), enacted since the BPA regulations were established, significantly changed the way the department registers commercial motor vehicles. These changes are explained in Section A.

Section B (Registration Renewal Transactions) would be renumbered as Section D to allow for a more logical progression of the topics in the handbook. A new Section B (Registered Owner Transfers) is proposed to add procedures for the registered owner transfer procedures. The procedures follow the same steps required to process a transaction, from reviewing the application, keying into the system, collecting payment for processing the transaction and issuing departmental indicia. This information follows the processing rules used in the department's field offices and headquarters.

Section C (Inventory Ordering) would be renumbered as Section F to allow for a more logical progression of the topics in the handbook. A new section C (Salvage and Nonrepairable Vehicles) is proposed to add procedures for the salvage and nonrepairable vehicle transactions and accompanying transactions. This section is proposed to add the procedures the accompanying transactions - the vehicle license fee (VLF) refunds and the junk transactions. The VLF refund transactions are processed after a salvage or nonrepairable transaction has been processed as money may be returned under certain conditions when a vehicle is no longer operational. Junk transactions can only be processed with titling documents such as a certificate of title or salvage certificate.

Section D (Receiving Inventory) would be renumbered as Section F. Section D is proposed to be amended and incorporate the language used in the former Section B (Registration Renewal Transactions).

Section E (Inventory Returns and Disposal) would be renumbered as Section H. A new Section E is proposed to add procedures for a No Fee Special Moving Permit. This non-automated transaction is not processed in the department's automated system and therefore is not included as a transaction in the express terms. It is a one-day permit that allows a vehicle to be moved for specific situations, including for repairs,

Section F (Inventory Assignment) would be renumbered as Section I. Section D is proposed to be amended and incorporate the language used in the former Section B. The mailing address for the BPA Program Administrator would be update to include the current mail station.

Section G (Quarterly Physical Inventory Reconciliation) would be renumbered as Section J. Section D is proposed to be amended and incorporates the language used in the former Section B.

Section H (List of DMV Forms) would be renumbered as Section K. Section D is proposed to be amended and incorporates the language used in the former Section B.

Section I (Inventory Assignment) is proposed to add the language used in the former Section F.

Section J (Quarterly Physical Inventory Reconciliation) is proposed to add the language used in the former Section G. The reference for the service provider to follow procedures in Section E would be updated to the new Section H.

Section K (List of DMV Forms) is proposed to add the language used in the former Section H. The list of the departmental forms identified in the handbook includes forms required to process the new automated transactions and one manual transaction.

§225.72. Voluntary Site Closing.

Subdivision (a)(6) and (c)(3) would be amended to update the department's mail station for the Field Office Support Unit. This is necessary to ensure that the mail is delivered and received by the appropriate unit in a timely manner.

Subdivision (a)(7), (b)(7) and (c)(4) would be amended to update the mail station of the BPA Program Administrator. This is necessary to ensure that the mail is delivered and received by the appropriate unit in a timely manner.